

Message Text

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PAGE 01 STATE 101016

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ORIGIN AID-50

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FM SECSTATE WASHDC

TO AMEMBASSY SAIGON PRIORITY

C O N F I D E N T I A L STATE 101016

AIDAC

E. O. 11652: GDS

SUBJECT: AIR TRANSPORTATION CONTRACT FOR FYJS 73, 74

REF: (A) SAIGON 7497

(B) SAIGON 7460

1. FY 73 FUNDS - AID/ W NOTES WITH CONCERN USAID' S STATEMENTS IN REF (A) THAT \$400,000 IN FY 73 FUNDS FROM USAF FUND CITE MAY BE DEOBLIGATED. GIVEN EXTREMELY TIGHT FUNDING LIMITATIONS ANTICIPATED FOR BOTH AID AND DOD FUNDS IN FY 74, AID/ W EXPLORING WAYS THESE FUNDS COULD BE DEOBLIGATED AND POSSIBLY REOBLIGATED UNDER AID/ DOD REIMBURSABLE PROGRAM FOR USE IN ADVANCE FUNDING FY 74 AIR TRANSPORT CONTRACT.

2. FY 74 PIASTER COMPONENT - PARA (C) REF (A) UNCLEAR. WHILE USAID SHOULD MAKE EVERY EFFORT TO GET POTENTIAL AIR TRANSPORT CONTRACTORS TO ACCEPT MORE PIASTERS IN LIEU OF DOLLARS, WE UNCLEAR WHY PROPOSAL NOW BEING MADE TO USE DOD DOLLARS TO PURCHASE PIASTERS INSTEAD OF PAYING LOCAL COSTS WITH USAID TRUST FUND PIASTERS. PLEASE CLARIFY. WE WOULD BE VERY RELUCTANT USE DOD DOLLARS FOR LOCAL COSTS IF PIASTERS

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PAGE 02 STATE 101016

PRESENTLY AVAILABLE.

3. COMPETITION FOR FY 1974 CONTRACT - REF (B) INDICATED CONTINENTAL AIR SERVICES, INCORPORATED (CASI) INTERESTED IN PRESENTING PROPOSAL ON FY 1974 AIR TRANSPORT CONTRACT. AA/ SA AID/ W HAS RECEIVED LETTER FROM CASI INDICATING THEIR DESIRE TO PROPOSE ON FY 1974 CONTRACT. ARIZONA HELICOPTER AND NIA AIR VN ALSO EXPRESSED INTEREST TO CO. DEPARTMENT AND AID SUPPORT VIEW THAT FY 74 CONTRACT SHOULD BE OPEN FOR COMPETITIVE PROPOSALS. APPEARS THAT COMPETITIVE OFFERS COULD BE ON UMBRELLA BASIS OR CONTRACT COULD BE DIVIDED INTO TWO OR MORE ELEMENTS. BEFORE FINAL DECISION MADE TO PUT RFP ON STREET, REQUEST MISSION REVIEW POSSIBILITY DIVIDING AIR TRANSPORT REQUIREMENT INTO SEPARATE, DISTINCT ELEMENTS SO THAT PROSPECTIVE OFFERORS COULD PROPOSE ON TOTAL REQUIREMENT OR ON ONE OR MORE ELEMENTS. WE ENJOINED TO SEEK MAXIMUM POSSIBLE COMPETITION BUT OTHERWISE HAVE NO PRECONCEIVED POSITION THIS SUBJECT. IF MISSION CONCLUDES THAT RFP SHOULD BE ISSUED FOR UMBRELLA CONTRACT, WE MUST HAVE FULLY SUPPORTABLE RATIONALE TO PROCEED ON THIS BASIS. PLEASE ADVISE.

4. PREPARED ISSUE RFP WITH ASSIST FROM USAID IF ON COMPETITIVE BASIS. WOULD INCORPORATE FLYING HOUR REQUIREMENT FOR TYPE AIRCRAFT IN RFP PER THOSE FURNISHED CARROLL, AID/ W BY JOHN WILLIAMS, SAAFO , DURING APRIL 1973 NEGOTIATIONS TAIPEI UNLESS OTHERWISE INSTRUCTED. REQUEST YOU ALSO PROVIDE ANY ADDITIONAL INFORMATION OR INSTRUCTIONS TO BE INCORPORATED RFP FOR BENEFIT POTENTIAL NEW OFFERORS.

5. USAID REQUESTED OBTAIN FIRM COMMITMENT FROM THE APPROPRIATE EMBASSY OFFICERS THAT REQUESTED \$2.7 MILLION WILL BE PROVIDED IN FY 74 TO FUND AIR TRANSPORT CONTRACT. PLEASE ADVISE WHEN ASSURANCE IS OBTAINED.
RUSH

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*** Current Classification *** CONFIDENTIAL

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